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centage of single households from 35% to only 28%), an alternative test market city selection is possible. Minor changes in the model's parameters can easily be made, and a new solution can quickly be generated. The trade-off information can also reveal where subjective weighting scale values should be revised or reevaluated to improve the solution.

Winning Businesses in Product Development: The Critical Success Factors, Robert G. Cooper and Elko J. Kleinschmidt, *Research-Technology Management* (July-August 1996), pp. 18-29

In this article, Robert Cooper and Elko Kleinschmidt seek to uncover the drivers of new product performance at the business unit level. They collected data from 161 businesses, mostly in the chemicals, machinery, electronics, food, or communications industries. They probed five specific categories of characteristics or factors that are expected to have an effect upon new product performance: the new product development process, the way projects are organized, the firm's new product strategy, the firm's culture or climate for innovation, and senior management commitment to new products.

The authors also identified a set of 10 "performance metrics" by which to measure the outcomes of the new product development projects and reduced these down to two performance dimensions by using factor analysis: profitability and the impact the new product efforts had on the business. They found that four factors were critical to success in new product development: a high-quality new product process, a defined new product strategy, adequate resources of people and money, and adequate R&D spending. These, then, were identified as the drivers of new product performance: that is, they strongly influenced one or both of the dimensions of performance.

The first of these, a high-quality new product process, has a key implication: just having a formal process is not a guarantee of performance results. Cooper and Kleinschmidt note that, in too many companies, reengineering the new product development (NPD) process is nothing more than documenting what is already being done. The quality of the process is far more significant than simply whether the process exists. A top-quality performance includes up-front market and technical assessments before the development phase; clear product definition; tough go/kill decisions, which sometimes really did result in a project getting killed; a focus on quality of execution of the

steps; no corner cutting; and flexibility in the NPD process (steps could be skipped or combined depending on the risks involved).

The second driver was the defined new product strategy. It was important that the sales and profit goals for the product project were clear and that they were effectively communicated throughout the project. Having a clear strategic focus (that is, knowing what markets or technologies the business unit would concentrate on) was also a positive factor, as was the adoption of a longer-term focus (rather than being completely driven by short-term, incremental projects).

Adequate resources of people and money also contributed strongly to increasing NPD performance. Three components made up this driver: senior management must devote enough resources for the business unit to reach its objectives; available R&D budgets are adequate; and the right people are available and given sufficient release time.

The last critical driver was R&D spending, which had the strongest effect on the "impact" measure of NPD performance, but no effect at all on profitability. The authors suggest that increasing R&D spending, therefore, is the best strategic lever for the business unit wishing to have a high-impact new product effort (for example, the business unit with an objective to increase the percent of sales it derives from new products).

In addition to the four most important success drivers, five others were also found by Cooper and Kleinschmidt: these are: having a high-quality new product team; obtaining senior management commitment; having an innovative climate and culture; employing cross-functional teams; and lastly, having senior management accountability.

It is clear that new product strategy must be linked to overall business strategy. The authors suggest, therefore, that management should develop a new product strategy for the business (what Merle Crawford has called a product innovation charter) that integrates NPD with the business's objectives and strategies.

The authors conclude by noting that as NPD becomes an increasingly important part of corporate prosperity, it is even more critical to understand the drivers of NPD performance to win with new products. This article can be used as a benchmarking study: firms can use the performance and practice metrics employed in this article to diagnose their own business units' NPD processes.